

Message Text

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45

ACTION NEA-12

INFO OCT-01 EUR-25 IO-13 ADP-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 ACDA-19 NIC-01 RSR-01 AID-20 EB-11 CIEP-02

TRSE-00 STR-08 OMB-01 CEA-02 COME-00 FRB-02 XMB-07

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R 231108Z JUL 73

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 3319

INFO AMEMBASSY AMMAN

AMEMBASSY JIDDA

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EO 11652: N/A

TAGS: EGEN PFOR LE SY

SUBJ: LEBANESE ECONOMY: LITTLE CHANGE

REF: BEIRUT 7967, 8558, A-137

SUMMARY: ECONOMIC TRENDS GENERALLY UNCHANGED. TOURISM
THROUGH JUNE DOWN 21 PER CENT COMPARED LAST YEAR. INDUSTRIAL
EXPORTS FOR FIRST HALF STILL AHEAD OF 1972

PACE. FIRST LAYOFFS REPORTED IN HOTEL INDUSTRY. SOME
THREATENED IN INDUSTRY BUT NO UNION REACTION EVIDENT
YET. OPTIMISM BUT NO CONCRETE RESULTS FROM COMMERCIAL

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DELEGATION WHICH WENT TO

DAMASCUS JUL 22. END SUMMARY.

1. LATEST INDICATORS, FOR JUNE, CONTAIN GROUND FOR BOTH OPTIMISM AND PESSIMISM BUT NO SIGN OF REAL CHANGE IN TRENDS REPORTED OR FORECAST EARLIER. ECONOMY MARKING TIME AWAITING OPENING OF SYRIAN BORDER, CLOSED SINCE MAY 8.

2. JUNE FIGURES FOR MOST IMPORTANT SECTOR AFFECTED BY SPRING EVENTS, TOURISM, CONFIRM THAT IT HARDEST HIT: NON-SYRIAN ARRIVALS FOR JUNE DROPPED 49 PER CENT BELOW JUNE 1972 TOTAL, LOWERING FIRST-HALF 1973 TOTAL 21 PER CENT BELOW FIRST HALF 1972, FROM ABOUT 464,000 TO 367,000. MIDDLE EAST AIRLINES, ON OTHER HAND, TELLS US JULY TRAFFIC NOW 90 PER CENT OR MORE OF ITS FORECAST, SUGGESTING GRADUAL IMPROVEMENT, BUT BULK OF MEA TRAVEL IS BUSINESS RATHER THAN TOURIST. JULY IMPROVEMENT CONFIRMED BY NEWSPAPER INTERVIEWS OF HOTELIERS BUT IT EVIDENT THAT ALL BUT TRADITIONAL CARRIAGE TRADE HURT. STAFF LAYOFFS REPORTED AT SMALLER BEACH AND MOUNTAIN HOTELS.

3. IN SECTOR MOST DIRECTLY AFFECTED BY CLOSURE BORDER, FOREIGN TRADE, TRANSIT TRADE STILL BLOCKED. PRESS CLAIMS THAT RIVAL SYRIAN PORT OF LATAKIA NOW CONGESTED WITH 30 SHIPS WAITING WHILE BEIRUT CONGESTION CLEARED MONTH AGO DUE DIVERSION OF SHIPS. INDUSTRIAL EXPORTS FOR JUNE, FIRST FULL MONTH BORDER CLOSED, ANNOUNCED AS LL26 MILLION COMPARED LL29 MILLION JUNE 1972, LEAVING FIRST-HALF 1973 INDUSTRIAL EXPORTS AT LL184 MILLION VS))148 MILLION FIRST-HALF 1972. AS NOTED OUR 7967, MAY FIGURES MAY HAVE BEEN INFLATED. WE ATTEMPTING VERIFY JUNE BUT BELIEVE THIS SECTOR STILL AHEAD OF 1972 PACE EVEN WHEN TRUE FIGURES USED. WE NOW HEARING FIRST REPORTS OF THREATENED LABOR LAYOFFS IN INDUSTRIAL SECTOR, FROM A CANDY FACTORY AND A REFRIGERATOR MANUFACTURER, BUT KNOW OF NO ACTUAL LAYOFFS TO DATE.

4. NO STATISTICS EXIST FOR REMAINING MAJOR PROBLEM SECTOR, CONSTRUCTION, BUT SOURCES SAY IT NOT IMPROVING AS FORECAST. MAY BE ONLY 50 PER CENT OF EARLIER PACE. SINCE MAIN PROBLEM HERE IS MAY FLIGHT OF LABOR FORCE TO SYRIA RATHER THAN WEAK DEMAND, WEAKNESS THIS SECTOR DOES LIMITED OFFICIAL USE

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NOT HAVE DOMESTIC SOCIAL AND POLITICAL IMPLICATIONS OF OTHER SECTORS.

5. IN FINANCIAL SECTOR, SOME INCREASE IN OVERDRAFTS NOTED BUT THIS WITHIN SAFETY LIMITS. SMALL BANKS MAY BE EXPERIENCING MORE PROBLEMS THAN LARGE BUT NO SERIOUS PROBLEMS KNOW YET. DOLLAR RATE TODAY LL2.35, DOWN FROM JUL 7 PEAK OF LL2.22.

6. COMMERCIAL DELEGATION TO DAMASCUS JUL 22 (PARA 3,
OUR 8558) RETURNED SAME DAY REPORTEDLY OPTIMISTIC BUT
WITHOUT CONCRETE RESULTS, ACCORDING INITIAL PRESS REPORTS,
WHICH SAID SYRIANS RECITED FAMILIAR LIST OF
COMPLAINTS ABOUT GOL TREATMENT OF FEDAYEEN AND SYRIAN
WORKERS, AND ABOUT LEBANESE PRESS TREATMENT OF SYRIANS.
DELEGATION APPARENTLY DID NOT INCLUDE SAUDI REPRESENTATION.
SYRIANS IGNORED APPEAL OF SIMILAR DELEGATION LAST YEAR
CONCERNING CLOSURE OF SYRIA-JORDAN BORDER. THERE SOME
HOPE SYRIANS MAY REOPEN BORDER FOR DAMASCUS TRADE FAIR
OPENING WEDNESDAY BUT AS YET NO OPEN SIGNS OF ENCOURAGEMENT FROM
SYRIANS.
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